



March 9, 2004

**TO: CO-CHAIRPERSONS SENATOR SIEVERS AND REPRESENTATIVE EICHHORN
AND MEMBERS OF THE ADMINISTRATION AND REGULATION APPROPRIATIONS
SUBCOMMITTEE**

FROM: Mark Johnson, Legislative Liaison

RE: Budget Information Request

At the request of the Administration and Regulation Appropriations Subcommittee, the following information is being provided regarding several budget issues facing the Department.

- 1. What portion of the \$10.8 million dollar appropriation request that is intended to be distributed to the Department's customer agencies is for market place services that the customer agencies could use to purchase goods and services from other entities?**

Training is the only market place service that applies to this appropriation. The remainder of



FY05 GF DAS
customer distribution

the appropriation is for utility services. Please see Attachment 1.

- 2. Is there any information available regarding the amount of "leakage" that may occur? (Customer agencies deciding to use funds appropriated for market place services to purchase such services from a provider other than DAS.)**

The DAS does not currently have any information related to "leakage".

- 3. Please provide detail additional detail regarding the \$6.5 million appropriation request that would be retained for internal DAS use.**



DAS remaining
appropriations.xls

Please see Attachment 2.

- 4. How did the FY03 transfer of \$300,000 from the Information Technology Enterprise to the General Services Enterprise impact the federal over billing issue?**

In May 2003, General Services identified a shortfall in the utility appropriation. At that time, DOM froze ITE's general fund appropriation at approximately \$427,000. In August 2003, DOM provided for a transfer of \$300,000 from the Information Technology Enterprise to the General Services Enterprise to pay the utility billings.

According to Steve Lindner, the \$300,000 transfer does affect the federal over recovery issue. It is a matter of timing, as the FY03 actual accounting is used to prepare the FY05 Statewide Indirect Cost Allocation Plan. The FY05 plan will be submitted to the federal government at the end of the month. Part of the data supporting the plan indicates the over billings made by ITE will generate a federal repayment of about \$1.0 million. This is approximately double the repayment made this year based on FY02 actuals. The increase in the amount to be repaid is due in part to the

use of the \$300,000 for another purpose. This indicates to the feds that the billings to the agencies are in excess of the costs and that balances (e.g. the \$300,000) can be used for other purposes. This results in their determination that they are being over billed and their request to receive their proportional share of that over billing. The transfer of the \$300,000 increases an already existing problem as well as the eventual repayment amount.